

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                      |   |                 |
|--------------------------------------|---|-----------------|
| THE TARIFF FILING OF PHELPS GAS      | ) |                 |
| COMPANY, INC. TO ADJUST VOLUME USED  | ) |                 |
| BY EACH CUSTOMER BY THE AVERAGE      | ) | CASE NO. 90-287 |
| AMBIENT TEMPERATURE AND INCREASE     | ) |                 |
| MILEAGE CHARGE TO COLLECT DELINQUENT | ) |                 |
| BILLS                                | ) |                 |

O R D E R

On September 11, 1990, Phelps Gas Company, Inc. ("Phelps") filed with the Commission a tariff that proposed adjusting the volume used by each customer prior to billing by the average ambient temperature for the billing period to more accurately reflect actual usage. The tariff also increases the mileage charge to collect delinquent bills.

In response to information requests from the Commission, Phelps has provided climatological data and other data which was used to calculate the gas temperature at customers' meters at different ambient conditions. Phelps further indicated in its response that no public notice had been given of the increase in mileage charges; that notification had not been given to the Attorney General's Utility and Rate Intervention Division; nor was any cost documentation provided.

In its tariff, Phelps proposes to consider gas temperature at customers' meters to be equal to the average ambient temperature

and proposes to apply a multiplier of  $520 + (460 + \text{average ambient temperature})$  to each customer's meter reading in its billing.

Phelps estimates total revenue would have been reduced by \$3210.74 as a result of implementing the proposed adjustment for 1989.

The Commission, having reviewed the evidence of record and being advised, finds that:

Phelps should be denied a billing adjustment by assuming the gas temperature to be equal to ambient temperature because:

1. The records and the computations show that it is erroneous to consider ambient temperatures and gas temperatures at customers' meters to be identical at the same time.

2. Phelps' proposal for a temperature multiplier of  $520 + (460 + \text{average monthly ambient temperature})$  is not accurate and should not be used as a tool for temperature compensation in meter readings.

3. To calculate the gas temperature from ambient temperature, a monthly climatic and soil temperature should be provided; and even with this data, this process is not very accurate for the following reasons:

- a. The data of the soil temperature at the exact depth of the pipelines is not available.

- b. The factors affecting the gas temperatures at the customers' meters vary, and one formula cannot be generalized for all the deviations for all customers.

4. A more accurate method for temperature compensation is to replace the meters of Phelps to temperature compensated meters as in the case of Elzie Neeley.

5. If Phelps decides to compensate for gas measurements due to changes in temperature, Phelps could replace the customers' meters with temperature compensated meters.

6. Phelps should be denied an increase in its mileage charge to collect delinquent bills because of failure to meet the requirements of 807 KAR 5:011, Section 10.

IT IS THEREFORE ORDERED that:

1. Phelps be and it hereby is denied a billing adjustment by the average ambient temperature for the billing period.

2. Phelps' request to increase the mileage charge to collect delinquent bills is hereby denied.

Done at Frankfort, Kentucky, this 15th day of February, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director